

**STANDING COMMITTEE  
NATIONAL ASSEMBLY  
No: 28/2005/PL-UBTVQH11**

**SOCIALIST REPUBLIC OF VIETNAM  
Independence - Freedom - Happiness**



h/ Foreigners residing in Vietnam for a during of 12 months or more, excluding those for the purpose of tourism, study and medical treatment or working for diplomatic representative offices, consulates, representative offices of foreign organizations operating in Vietnam;

3. *Non-residents* include all other organizations and individuals that are not covered in clause 2 of this Article;
4. *Capital account transaction* means foreign exchange transaction between a resident and a non-resident for the following purposes:
  - a/ Direct Investment;
  - b/ Investment in valuable papers;
  - c/ Foreign borrowings and repayments;
  - d/ Provision and collection of foreign loans;
  - / Investments in other forms in accordance to the laws of Vietnam;
5. *Current account transaction* means transactions between residents and non-residents not for the purpose of capital transferring;
6. *Payment and transfer for current account transactions*

9. *Exchange rate of Vietnamese Dong* means the price of one unit of foreign currency calculated in Vietnamese Dong;
10. *Foreign currency in cash* includes bank notes, and coins;
11. *Authorized credit institutions* mean banks and non-bank credit institutions that are authorized to conduct foreign exchange activities and provide foreign exchange services in accordance with this Ordinance;
12. *Foreign direct investment in Vietnam* means the transfer of capital by non-residents into Vietnam in order to carry out investment activities on the basis of establishing and managing enterprises or in other forms in accordance with the laws of Vietnam;
13. *Indirect investment into Vietnam* means the purchase and selling of securities and other valuable papers, and share holdings in all forms stipulated by the laws without directly involving in management by non-resident;
14. *Investment abroad* means the outward transfer of capital by residents to conduct investment activities in all forms stipulated by the laws;
15. *Foreign borrowing and repayment* means the borrowing and repayment of a loan in all forms stipulated by the laws by residents from and to non-residents;
16. *Provision and collection of loan abroad* means the provision and collection of a loan in all forms stipulated by the laws by resident to and from non-residents;
17. *International balance of payments of Vietnam* means the systematically consolidated sheet of all economic transactions between Vietnam and other countries in a certain period of time;
18. *Foreign currency market* is where foreign currencies being purchased, sold. Foreign currency market of Vietnam includes the inter-bank foreign currency market and foreign currency market between banks and their customers;
19. *The State foreign exchange reserve* means the assets in foreign exchange shown in the balance sheet of the State Bank of Vietnam.

**Article 5: Application of Foreign Exchange Ordinance, International treaties, practices, foreign laws.**

1. Foreign exchange activities must observe the provisions of this Ordinance and other related laws.
2. Where the provisions of an international treaty to which the Socialist Republic



**Article 9. Carrying foreign currency in cash, Vietnamese Dong in cash and gold upon entering in and departing from Vietnam**

Residents and non-residents personally carrying foreign currency in cash, Vietnamese Dong in cash and gold upon entering in and departing from Vietnam shall follow the below provision:

1. When entering with personal carrying of foreign exchange exceed the specified limit, declaration at the border gate customs shall be required;
2. When departing with personal carrying of foreign exchange exceed the specified limit, declaration formalities at the border gate customs and presentation of supporting documents as specified by the State Bank of Vietnam shall be required.

**Article 10. Currency used in current transactions**

Residents are allowed to choose Vietnamese Dong, freely-convertible currencies and other currencies accepted by authorized credit institutions for payments for current transactions.

**Chapter III  
CAPITAL ACCOUNT TRANSACTIONS**

**Section 1**

**FOREIGN INVESTMENT INTO VIETNAM**

**Article 11. Direct investment**

1. Transfer of investment capital in foreign currency invested into Vietnam, transfer of invested principal capital, profits, interest payment and legitimate incomes to abroad must be conducted through foreign currency accounts opened at an authorized credit institution.

2. Legitimate income in VND shall be converted into foreign currencies for transferring abroad through authorized credit institutions .

**Article 12. Indirect investment**

1. Foreign currency capital invested into

**Article 13. *Capital sources to be invested abroad***

Residents which are permitted to invest abroad can use following sources of capital to invest abroad:

- 1.

2. Resident being economic entities, credit institutions and individuals must comply with external borrowing and repayment conditions, register the borrowings with the State Bank of Vietnam, open and use accounts, withdraw and transfer for making repayment, and report the status of loans in accordance with regulations of the State Bank of Vietnam. The State Bank of Vietnam certifies registered foreign loans within the total annual external borrowing limit approved by the Prime Minister.

3. Residents shall be permitted to buy foreign exchange at authorized credit institutions upon the submission of eligible documents to make payments in respect of principal, interest and other fees related



**Article 20. *Securities issuance outside Vietnam by resident being institutions***

Resident being institutions which are permitted to issue securities outside Vietnam must open an account at an authorized credit institution; All transactions related to the issuance of securities abroad shall be conducted through this account.

**Article 21 *Securities issuance in Vietnam by non-resident being institutions***

Non- resident being institutions which are permitted to issue securities in Vietnam must open an account at an authorized credit institution; All transactions related to the issuance of securities in Vietnam shall be conducted through this account.

***Chapter IV***

**USE OF FOREIGN EXCHANGE IN THE TERRITORY OF VIETNAM**

**Article 22. *Regulation to restrict use of foreign exchange in Vietnam***

Within the territory of Vietnam, all transactions, payments, quotations, pricing, advertisements by resident and non-residents shall not be conducted in foreign exchange except for transactions with authorized credit institutions, payments made through intermediary including on-behalf collection, by agent and other exceptional cases permitted by the Prime Minister.

**Article 23. *Opening and using accounts***

1. Residents and non-residents shall be permitted to open foreign currency accounts at authorized credit institutions. The State Bank of Vietnam shall regulate the receipts and payments made in these accounts by subjects stipulated in this Article.

2. Resident being authorized credit institution shall be permitted to open and use foreign currency account in abroad to conduct foreign exchange activities held in abroad.

3. Resident being economic institution, having its branch and representative office in abroad or having demand to open foreign currency account in abroad for receiving borrowing capital, fulfilling contract, commitment with foreign partners, shall be considered by State Bank of Vietnam to grant license to open foreign currency account in abroad.

4. Resident being Vietnamese diplomatic representative offices, consulates, armed forces and representatives of political organizations, socio-political organizations, social political-professional organizations, social-professional organizations, social funds, charitable funds of Vietnam in abroad shall be permitted to open and use foreign currency accounts in abroad in accordance with the laws of these foreign countries.

5. Residents being Vietnamese citizens, during the time staying in abroad, shall be permitted to open foreign currency accounts abroad in accordance with the laws of these foreign countries.

**Article 24. *Use of foreign currency cash by individuals***

1. Residents and non-residents being individuals having foreign currency in cash shall have the right to store, carry, and sell their foreign currency to authorized credit institutions and use their foreign currency for other legitimate purposes.

2. Residents being Vietnamese citizens shall be permitted to use foreign currency in cash to deposit at authorized credit institutions, and to withdraw principal and interest in foreign currency in cash.

**Article 25. *Use of Vietnamese Dong by Non-residents***

Non-residents being institutions or individuals having Vietnamese Dong from legitimate sources shall be permitted to open accounts at authorized credit institutions for their use in Vietnam or sell their Vietnamese Dong for foreign currency to remit abroad.

**Article 26. *Use of currencies of Vietnam border-sharing countries***

Residents being organizations or individuals having legitimate incomes in currencies of Vietnam border-sharing countries earned from exports and imports of goods and services, and other activities shall be permitted to open account in respective currencies of border –sharing countries at authorized credit institutions.

**Article 27. *Issuance and use of payment cards***

1. Within the territory of Vietnam, residents and non-residents being individuals having international payment cards shall be permitted to use for payment purpose at authorized credit institutions and agencies accepted payment cards.

2. Agencies accepting payment cards shall receive only payments in Vietnamese Dong from banks for card payments.

3. Upon actual circumstances, the State Bank of Vietnam shall regulate the issuance and use of cards in line with objectives of foreign exchange management.

**Chapter V**

**FOREIGN CURRENCY MARKET AND EXCHANGE RATE REGIME  
AND GOLD EXPORT AND IMPORT MANAGEMENT**

**Article 28. *Vietnam's foreign currency market***

1. Participants in inter-bank foreign currency market comprise the State Bank of Vietnam and the authorized credit institutions.

2. Participants in foreign currency market between authorized credit institutions and customers comprise the authorized credit institutions, foreign exchange bureaus, resident and non-resident customers in Vietnam.

3. Participants in Vietnam's foreign currency market shall be permitted to conduct transactions in foreign exchange market in accordance with international practices upon meeting all conditions regulated by the State Bank of Vietnam.

***Article 29. The State Bank of Vietnam's operation in inter-bank foreign currency market***

The State Bank shall conduct the purchase and selling of foreign currencies in inter-bank foreign currency market to achieve objectives of national monetary policy.

***Article 30. Exchange rate regime of the Vietnamese Dong***

1. Vietnamese dong exchange rate for foreign currencies shall be determined on the basis of the supply of and the demand for foreign currency in the markets as regulated by the State.

2. The State Bank of Vietnam shall determine Vietnamese dong exchange rate regime in line with concrete macroeconomic objectives in certain periods of time.

***Article 31. Gold export and import activities management***

The State Bank of Vietnam controls the export and import activities regarding gold in bars, ingots, pieces or foil by credit institutions and others that are authorized to trade gold.

5. Other types of foreign exchange.

**Article 33. *Sources of State foreign exchange reserves***

1. Foreign exchanges bought from the State Budget and foreign exchange market;
2. Foreign exchanges borrowed from banks and international financial institutions;
3. Foreign exchanges from the State Treasury's and credit institutions' foreign currency deposits at the State Bank; and
4. Foreign exchanges from other sources.

**Article 34. *Management of State foreign exchange reserves***

1. The State Bank of Vietnam shall manage the State foreign exchange reserves in accordance with regulations of the Government in order to implement the national monetary policy, ensure international payment capacity and preserve the State foreign exchange reserves;

2. The Ministry of Finance shall monitor the State Bank of Vietnam's management of the State foreign exchange reserves in accordance with regulations of the Government.

3. The Government shall report to the Standing Committee of the National Assembly on changes in the State foreign exchange reserves;

**Article 35. *State Budget's revenues in foreign exchange***

The Prime Minister shall regulate the proportion of foreign currencies revenue



exchange policies, providing guidance and monitoring the voucher and reporting regime.

3. Ministries, ministerial-level agencies, the municipal and provincial people's committees shall, within their respective duties and powers, be responsible for conducting the State management of foreign exchange activities.

**Article 41 *Application of measures for security reasons***

In the necessary cases, the Government may impose, for the national financial and monetary security reasons, the restriction measures as follows:

1. Restrictions on the buying, carrying foreign exchange, and transferring, making payments for current and/or capital account transactions;
2. Application of surrender requirement on the foreign currency to residents being organizations;
3. Application of economic, financial and monetary restriction measures;
4. Other restriction measures.

**Article 42. *Information and reporting regime***

1. The State Bank shall be responsible for promulgating, supervising, examining the implementation of the regulations on information and reporting regime, analyzing, forecasting and disseminating information on foreign exchange activities;

2. The Sate Bank shall take the lead in coordinating with ministries and agencies in compiling data and information for the state management on foreign exchange activities and the compilation of the international balance of payments.

The authorized credit institutions have obligation to report information relating to foreign exchange activities to the State Bank of Vietnam in accordance with the regulations of the State Bank of Vietnam.

Organizations, individuals conducting foreign exchange activities shall be responsible for providing information and data upon the request of the State Bank, and the authorized credit institutions in accordance with laws.

3. Ministries, ministerial-level agencies, the municipal and provincial people's committees, within their respective duties and powers, shall have obligation for reporting on information and data of foreign exchange activities to the State Bank of Vietnam, for the state management of foreign exchange and the compilation of the international balance of payments.

**Chapter IX**  
**COMPLAINTS, DENUNCIATION, LAWSUITS AND HANDLING OF VIOLATIONS**

**Article 43. *Handling of violations***

Organizations, individuals committing any of the offences provisioned in this Ordinance shall, depending on the nature and seriousness of the offence, be subject to disciplinary action, administrative penalties or prosecution from criminal liability; compensation for any damages in accordance with the laws.

**Article 44. *Complaints and Denunciations***

1. Complaints against administrative decisions, administrative acts and denunciation of violations in relation to foreign exchange activities shall be conducted in accordance with the laws on complaints and denunciation..

2. Pending resolution of complaints or legal action, the complainant or plaintiff must implement the decision on administrative penalties; Upon the issuance of a decision of the competent State body to resolve the complaint or a verdict or judgment of a court, such decision of the competent State body to resolve the complaint or the verdict or judgment of the court shall be enforced.

**Chapter X**  
**IMPLEMENTING PROVISIONS**

**Article 45. *Effectiveness***

This ordinance shall come into effect on June 1st, 2006;

**Article 46. *Guidelines for the implementation***

The Government shall make detailed provisions and guidance for the implementation of this Ordinance.

*Hanoi date 13 month 12 year 2005*

**On behalf of the Standing Committee of the National Assembly**

**CHAIRMAN**

(signed)

**NGUYEN VAN AN**